Employment up 65,000 as unemployment rate falls to 4.2%

Media Release

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Source: Labour Force, Australia, December 2021

Seasonally adjusted employment increased by 65,000 people (0.5 per cent) in December, according to figures released today by the Australian Bureau of Statistics (ABS).

Bjorn Jarvis, head of labour statistics at the ABS, said: "The latest data shows further recovery in employment following the large 366,000 increase in November. This provides an indication of the state of the labour market in the first two weeks of December, before the large increase in COVID cases later in the month.

"Recovery in New South Wales and Victoria continued to have a large influence on the national figures, with employment in these two states increasing by 32,000 and 25,000 people between November and December. Their employment was around where it had been in May having fallen 250,000 and 145,000 during the lockdowns."

Employment, unemployment and participation

The increase in employment in December of 65,000 people, around two thirds of whom were men (42,000 men and 23,000 women), coincided with a similarly sized fall in unemployment (62,000 people, a 9.8 per cent fall).

As a result, the unemployment rate fell by 0.5 percentage points to 4.2 per cent.

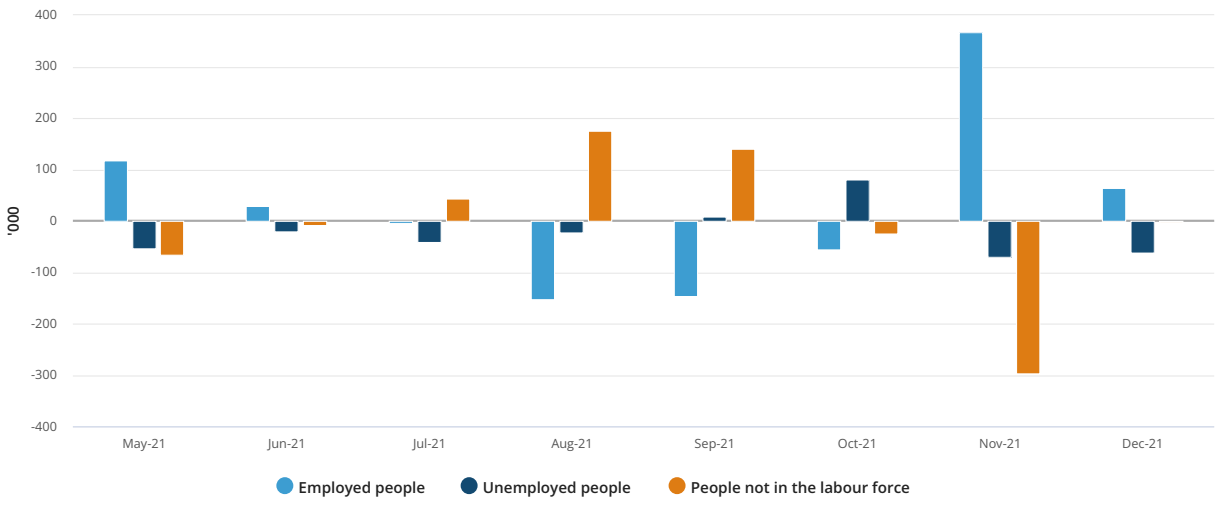
"This is the lowest unemployment rate since August 2008, just before the start of the Global Financial Crisis and Lehman Brothers collapse, when it was 4.0 per cent. This is also close to the lowest unemployment rate in the monthly series – February 2008 – and for a rate below 4.0 we need to look back to the 1970's when the survey was quarterly," Mr Jarvis said.

The fall in unemployment followed a similar decrease in November (69,000 people), and a 0.6 percentage point fall in the unemployment rate. This coincided with employers reporting increased difficulties in filling a historically high number of job vacancies.

“As a result of the similar sized changes in employment and unemployment, the participation rate remained steady in December, at 66.1 per cent. This was in contrast to what we saw in November, when a large number of people who were attached to a job re-entered the labour force, which drove the participation rate up by 1.4 percentage points,” Mr Jarvis said.

“The participation rate in December continued to be relatively high. It was 0.2 percentage points higher than before the start of the pandemic and only 0.2 percentage points below the historical high in May and June 2021.“

Monthly changes in key labour populations, Australia



Source: Labour Force, Australia, Table 1

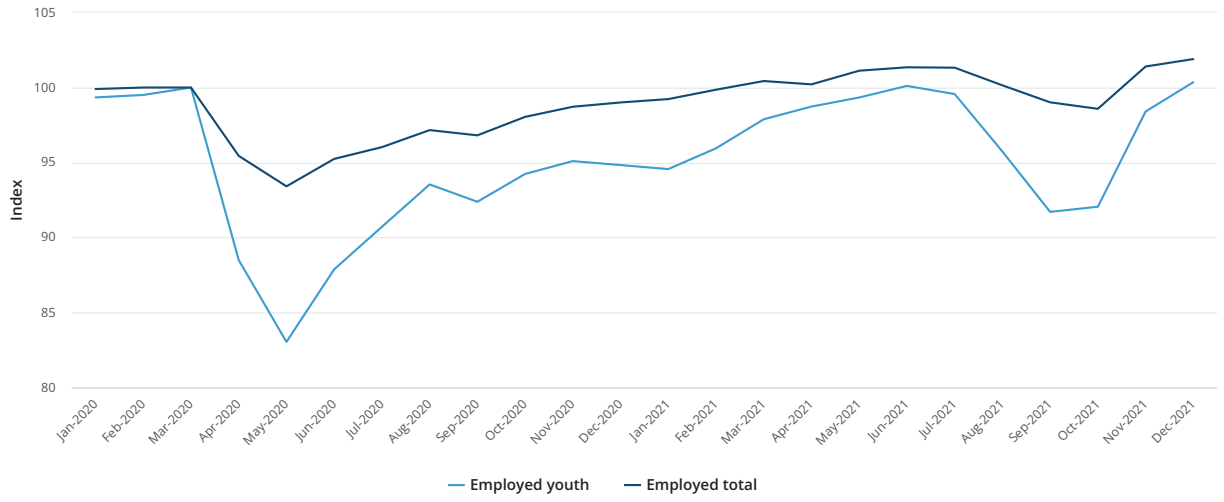
During the pandemic, changes in employment and participation have been particularly large

for 15 to 24 year olds. In December, changes in youth employment (up 38,000) and unemployment (down 32,000) accounted for more than half of the total movements.

“The large changes in employment and unemployment in December saw youth labour market measures return to levels we haven’t seen since the Global Financial Crisis,” Mr Jarvis said.

“The youth unemployment rate fell by 1.5 percentage points to 9.4 per cent, the lowest since November 2008, and the youth participation rate increased by 0.4 percentage points to 70.5 per cent, the highest it had been since September 2008.”

Index: Employment (March 2020=100)



Source: Labour Force, Australia, Table 1 and Table 13

Hours worked and underemployment

Hours worked increased by 1.0 per cent in December and was 0.1 per cent higher than in May 2021.

In New South Wales, hours worked increased for the fourth consecutive month, increasing by 2.0 per cent in December. Victorian hours worked increased by 1.4 per cent following a 9.7 per cent increase in November.

“The continued recovery in employment was also seen in strong increases in hours worked, as people continued to return to work in December,” Mr Jarvis said.

“The number of employed people who worked no hours due to economic and other COVID-related reasons fell from 138,000 people down to 85,000 people and was lower than in May.”

Alongside the increase in employment and hours, the underemployment rate fell by 0.8 percentage points to 6.6 per cent in December, the lowest since November 2008, underpinned by a large fall in youth underemployment.

With the unemployment and underemployment rates both falling, the underutilisation rate fell by 1.3 percentage points to 10.8 per cent, the lowest since November 2008.

Today's release includes additional analysis of hours worked, including people working zero hours, an analysis of employment and hours worked.

Further information, including regional labour market information, will be available in the upcoming December 2021 issue of Labour Force, Australia, Detailed, due for release on Thursday 27 January 2022.

The ABS would like to thank Australians for their continued support in responding to our surveys during such a difficult time.

Media notes

- The December survey reference period was 28 November to 11 December 2021, which was prior to the high number of COVID cases associated with the Omicron variant. The January survey reference period was 2 January to 15 January 2022.
- For the criteria used by the ABS to categorise people as employed or unemployed, see the glossary section (/methodologies/labour-force-australia-methodology/dec-2021#glossary) in Methodology page of this release.
- The numbers in the media release are rounded to the nearest thousand people. For more detailed numbers see the data downloads tab in the Labour Force, Australia (/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release) publication.
- The ABS has suspended publishing trend series for the COVID-19 period.

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